

EUROPEAN ECONOMY

EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

Supplement B
Business and Consumer
Survey Results
No 6 – June 1994

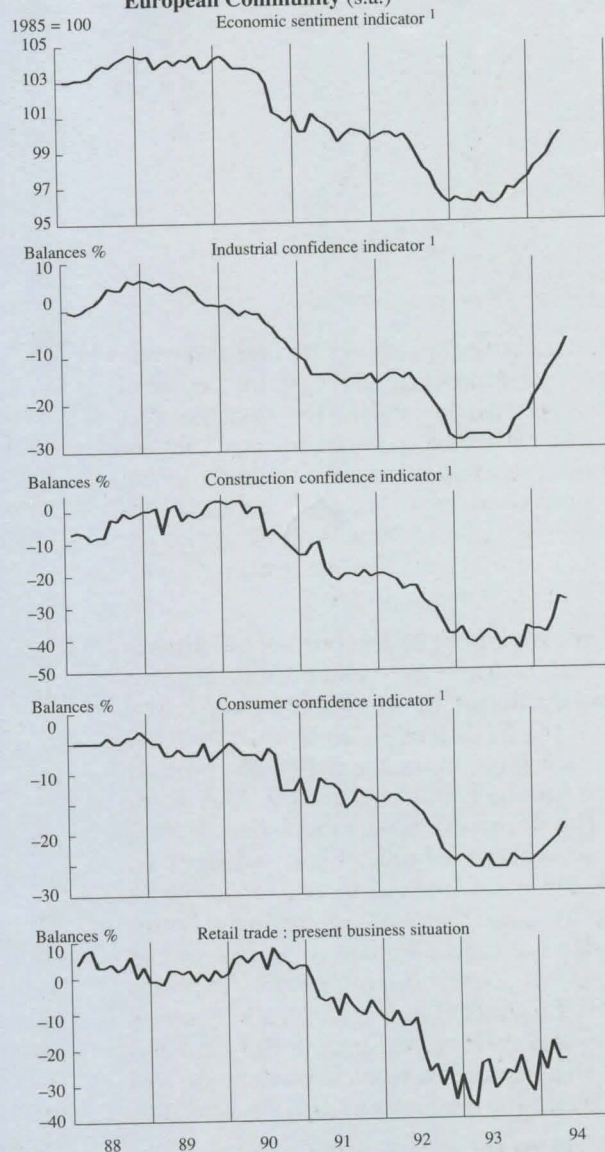


*In this number :
International indicators*

THE MAIN POINTS IN BRIEF

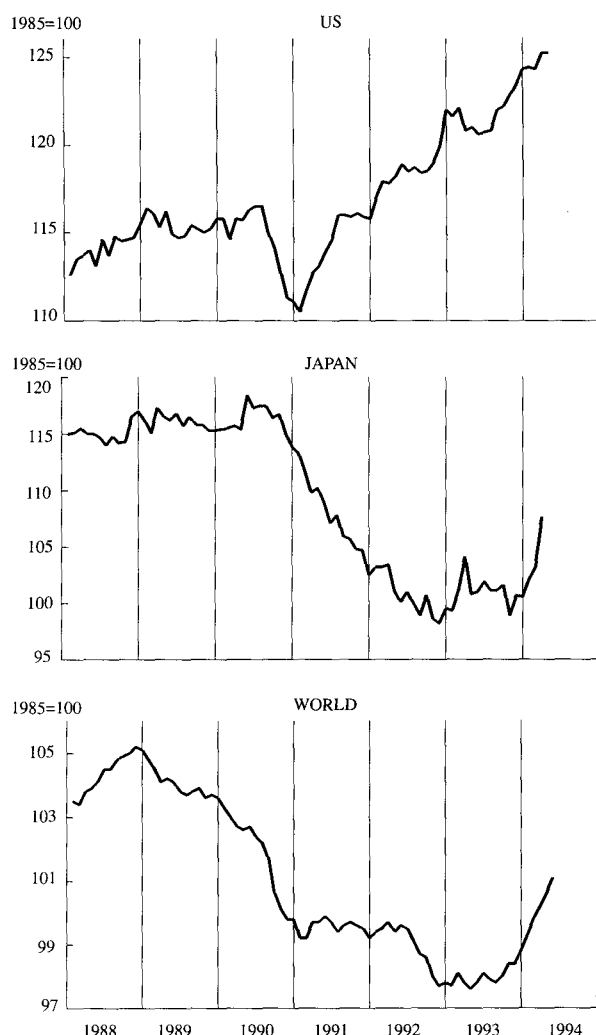
- The weakness of economic activity in the European Union seems to have been overcome. The results of the business surveys point to continued recovery. The key indicators are on an upward trend.
- The EU's leading economic indicator improved again in May. Both the optimistic assessments of industrial managers and the declining pessimism of consumers have contributed to this.
- The latest results of a worldwide survey among nearly 500 experts from 66 countries point to a continuing recovery of world economic activity in the second quarter of 1994. Although the current economic situation is still judged as not being very favourable, the majority of experts expect a sustained revival in the next six months.

GRAPH 1 : Indicators of economic sentiment —
European Community (s.a.)



¹ See notes to Table 1.

GRAPH 2 : Leading Indicators for the US, Japan and world



Source : European Commission; US Department of Trade;
Economic Planning Agency of the Japanese Government.

The economic climate in Europe shows further improvement. — The weakness of economic activity in the European Union seems to have been overcome. It is clear from the latest business surveys that the recovery is continuing. The key indicators remain on an upward course and are approaching the level of the long-term average. The EU's leading economic indicator improved again in May. Both the optimistic assessments of industrial managers and the declining pessimism of consumers have contributed to this.

The continuing improvement in the industrial climate and the much less pessimistic expectations of consumers regarding economic developments have had a positive impact on the EU's leading indicator. — After rising steadily for several months, the indicator of *industrial confidence* in Europe again improved in May compared with April. The main contributory factor here was the more favourable assessments of order-book and stock levels in most countries of the Union. The only countries in which assessments were less favourable were Spain, Portugal and the Netherlands for order-book levels and Italy and Ireland for stock levels. Given improved sales expectations, the majority of industrial managers in all countries are planning to increase their output; only in Belgium and Luxembourg, where a marked increase in confidence was nevertheless observed, was the majority still pessimistic.

According to the most recent survey results, sentiment has not improved any further in the *construction industry*. Rising interest rates have undoubtedly had a negative impact on de-

mand, with the result that — unlike in previous months — firms have not become any less sceptical in their assessment of the order-book trend. The less rosy outlook has apparently also influenced their assessment of the employment trend. Nevertheless, construction firms regard the current business situation as having improved, and this is borne out by their more positive assessment of construction activity in May.

Confidence among *consumers* again picked up in May compared with April, and the indicator is climbing steadily higher relative to its low point of 1993, at which it had remained for so long. These encouraging signs of an embryonic recovery are due primarily to the gradual revival of confidence in the future economic trend. The current economic situation too has been given better marks by consumers. This is the case in all EU Member States except Greece, the Netherlands and the United Kingdom.

International indicators confirm the incipient upturn in the world economy. — The leading indicator of world product is again higher than in the previous month and is moving in tandem with the recent rise in the leading indicator for the European Union. There are no discernible signs of any possible weakening of this trend or indeed of its coming to an end. The *leading indicator for the United States* is still headed upwards. It remains to be seen, however, what effects the recent weakness of the dollar will have on future economic developments. The leading world indicator has been positively influenced by the *economic indicator for Japan*, which has been following a steady upward course since the beginning of the year. In order to gain a more comprehensive picture of the world economic situation, the results of the International Economic Survey (ESI) carried out on behalf of the European Commission were also used in calculating the leading world indicator.

Initial estimates have confirmed that this experimentally constructed leading indicator of the world economic trend provides a fairly accurate picture — some six months in advance — of changes in world product.

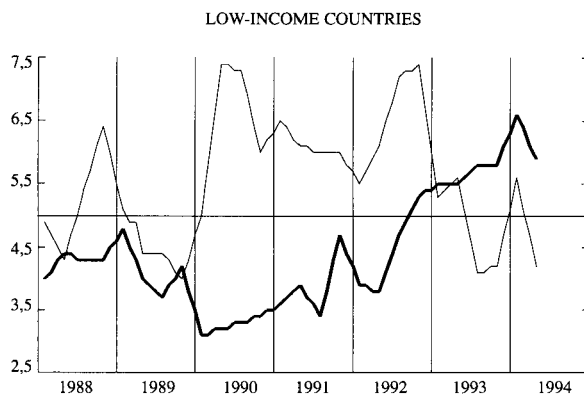
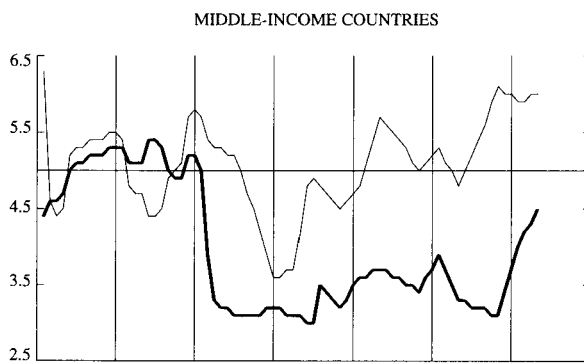
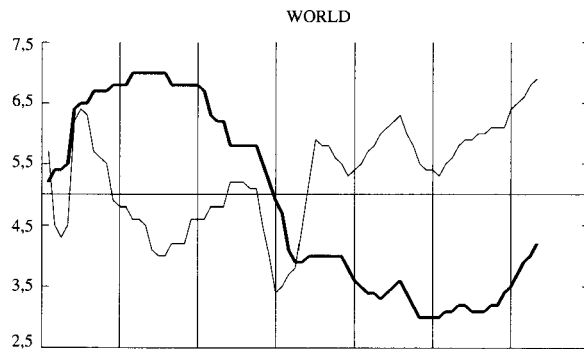
According to Economic Survey International (ESI), confidence in the world economic situation is continuing to mount. — The latest results (April 1994) of the worldwide survey conducted among almost 500 economic experts of multinational companies and authoritative institutions in 66 countries point to a continuation of the world economic recovery in the second quarter of 1994, primarily as a result of the improved economic situation in the United States and the incipient recovery in Europe. While it is true that, worldwide, the *current economic situation* is still judged to be not very favourable (although assessments are much less pessimistic than they were at the beginning of the year), the majority of the experts expect a sustained revival in the next six months (see Graph 3). This applies particularly to high-income countries, where expectations regarding the future economic trend have improved markedly.

The generally optimistic view of the world economic situation among the economic experts is also borne out by their positive assessment of world trade. The *expectation that imports will grow* is especially strong in high- and middle-income countries and tallies with the *export expectations* of company managers. This underpins the positive assessment of world trade recorded in April and confirms the role of exports as the motor behind the incipient worldwide, and in particular European, economic recovery.

GRAPHS 3-4 : “Economic Survey International”

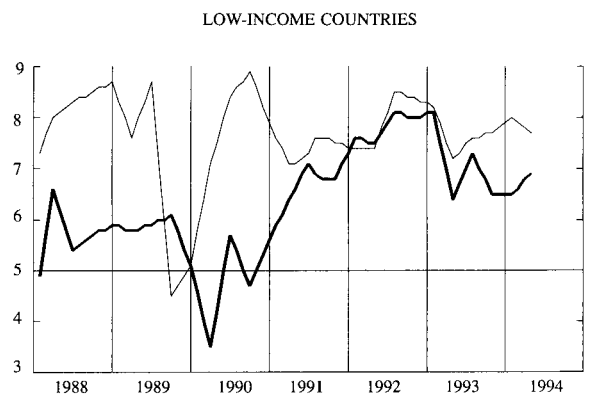
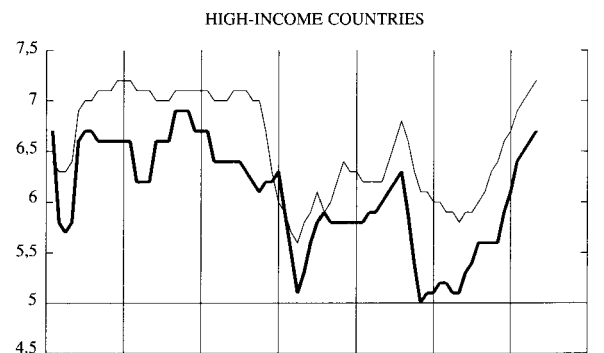
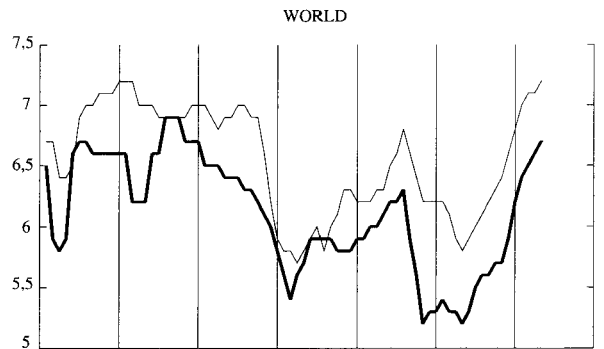
GRAPH 3 : Present economic situation and expectations for the next six to twelve months

— Present economic situation — Expectations for next 6-12 months



GRAPH 4 : Import and export expectations for the next six to twelve months

— Import expectations — Export expectations



The Economic Survey International has been conducted by the IFO Institute on behalf of the European Commission 4 times per year (January, April, July, October) and is based on the answers of about 500 economic experts in about 66 countries. The replies are 'graded': positive responses (+) receive a grade of 9, indifferent ones (=) a grade of 5 and negative ones (–) a grade of 1. Grades between 5 and 9 imply a preponderance of positive replies or increase, while grades between 5 and 1 indicate that negative replies or decreases predominated.
Source : European Commission business surveys.

TABLE 1* : Indicators of confidence and economic sentiment (s.a.)

		Ranges		1991	1992	1993	1993		1994	1993	1994				
		Trough 81/83	Peak 88/90				III	IV	I	Dec.	Jan.	Feb	Mar.	Apr.	May
B	1. industrial confidence indicator	-33	2	-15	-20	-29	-29	-24	-12	-21	-15	-9	-12	-10	-9
	2. construction confidence indicator	-63	7	-7	-13	-21	-20	-21	-17	-17	-18	-16	-18	-14	-13
	3. consumer confidence indicator	-29	5	-7	-12	-26	-29	-29	-24	-30	-25	-24	-22	-20	-16
	4. share-price index ^(a)	:	:	177.4	175.3	191.4	197.1	207.9	223.9	216.6	222.5	226.2	223.1	221.4	227.0
	= 5. economic sentiment indicator	96.5	106.6	102.3	100.5	97.2	96.8	97.2	99.0	97.3	98.6	99.2	99.2	99.8	100.6
DK	1. industrial confidence indicator	-22	5	-8	-7	-12	-10	-3	6	:	6	:	:	10	:
	2. construction confidence indicator	-37	12	-32	-22	-26	-23	-18	-11	:	-11	:	:	1	:
	3. consumer confidence indicator	-20	-4	-2	-2	-5	-4	-2	3	-1	0	5	3	8	9
	4. share-price index ^(a)	:	:	157.9	144.7	147.7	148.0	163.7	189.7	169.7	193.4	190.2	185.4	184.3	180.0
	= 5. economic sentiment indicator	95.3	99.0	97.2	97.2	96.9	97.2	98.2	98.6	98.6	99.4	99.7	99.8	100.0	:
D	1. industrial confidence indicator	-38	11	0	-18	-34	-35	-31	-24	-29	-28	-25	-20	-19	-16
	2. construction confidence indicator	-63	3	-5	-15	-28	-31	-30	-30	-30	-31	-30	-31	-28	-26
	3. consumer confidence indicator	-32	6	-12	-20	-28	-28	-29	-27	-29	-29	-29	-24	-22	-17
	4. share-price index ^(a)	:	:	141.3	137.5	147.4	150.8	166.9	171.8	172.9	173.8	170.9	170.8	175.7	176.8
	= 5. economic sentiment indicator	93.9	104.2	101.3	98.6	96.1	96.0	96.5	97.3	96.8	96.9	97.1	98.0	98.4	99.3
E	1. industrial confidence indicator	:	0	-22	-25	-35	-35	-28	-19	-26	-23	-20	-14	-12	-10
	2. construction confidence indicator	:	32	-8	-37	-44	-42	-35	-38	-25	-35	-46	-34	-30	-24
	3. consumer confidence indicator	:	5	-6	-20	-34	-35	-35	-33	-35	-36	-32	-32	-33	-29
	4. share-price index ^(a)	:	:	311.2	270.0	316.0	335.9	360.8	397.2	378.1	419.7	397.6	374.2	381.0	388.1
	= 5. economic sentiment indicator	:	104.6	99.8	98.1	96.7	96.7	97.3	98.1	97.6	97.8	98.1	98.3	98.4	98.9
F	1. industrial confidence indicator	-38	12	-20	-21	-35	-39	-31	-21	-29	-24	-21	-16	-7	-2
	2. construction confidence indicator	-59	2	-16	-43	-57	-58	-58	-46	:	-46	:	:	-40	:
	3. consumer confidence indicator	-27	-9	-21	-22	-25	-27	-25	-22	-24	-22	-22	-22	-21	-18
	4. share-price index ^(a)	:	:	208.6	217.2	241.2	248.1	263.0	277.0	271.2	279.9	281.2	269.9	261.9	260.7
	= 5. economic sentiment indicator	98.5	106.1	101.3	99.8	97.9	97.4	98.3	100.1	98.8	99.7	100.1	100.4	101.1	101.9
IRL	1. industrial confidence indicator	-36	14	-9	-4	-13	-15	-9	1	-7	2	1	0	1	-1
	2. construction confidence indicator	-60	30	-22	-11	-27	-23	-25	-22	-32	-22	-23	-21	-19	-24
	3. consumer confidence indicator	-46	-3	-18	-21	-14	-10	-7	-2	-9	-1	-3	-1	-6	-1
	4. share-price index ^(a)	:	:	241.4	223.9	280.8	293.5	317.8	332.8	328.2	358.3	329.9	310.3	319.3	312.9
	= 5. economic sentiment indicator	97.3	104.7	101.4	101.1	101.4	101.8	102.4	103.3	102.2	103.6	103.1	103.3	102.8	103.1
I	1. industrial confidence indicator	-38	13	-13	-15	-17	-18	-12	-6	-8	-8	-7	-3	-4	-1
	2. construction confidence indicator	-51	21	-7	-16	-48	-57	-53	-58	-51	-59	-65	-50	-24	-36
	3. consumer confidence indicator	-28	0	-13	-19	-32	-32	-31	-30	-30	-31	-29	-29	-24	-23
	4. share-price index ^(a)	:	:	156.4	136.9	168.2	180.1	177.0	199.8	182.2	189.1	205.8	204.6	238.6	240.4
	= 5. economic sentiment indicator	95.8	103.7	100.0	98.8	97.0	96.9	97.5	98.3	97.9	97.8	98.3	98.7	100.3	100.4
NL	1. industrial confidence indicator	-27	3	-4	-6	-10	-11	-9	-6	-9	-6	-6	-6	-3	-3
	2. construction confidence indicator	-45	9	-6	-15	-17	-19	-18	-16	-17	-17	-17	-14	-15	-12
	3. consumer confidence indicator	-36	11	-10	-10	-17	-18	-16	-13	-15	-15	-12	-11	-9	-9
	4. share-price index ^(a)	:	:	136.0	142.4	167.0	173.4	189.1	200.9	198.7	208.6	200.7	193.3	195.0	194.6
	= 5. economic sentiment indicator	93.3	103.4	99.2	98.7	97.6	97.5	98.0	98.9	98.3	98.7	98.9	99.0	99.5	99.5
UK	1. industrial confidence indicator	-57	21	-32	-24	-11	-9	-8	-2	-6	-3	1	-2	-8	-2
	2. construction confidence indicator	-57	42	-64	-50	-36	-33	-30	-21	-29	-24	-20	-19	-21	-25
	3. consumer confidence indicator	-24	7	-17	-15	-13	-11	-11	-11	-13	-9	-10	-14	-17	-19
	4. share-price index ^(a)	:	:	190.3	198.1	228.2	229.3	242.3	259.3	250.4	262.9	262.8	252.2	246.9	243.7
	= 5. economic sentiment indicator	97.0	103.8	97.2	98.0	99.2	99.5	99.7	100.4	99.7	100.4	100.6	100.1	99.5	99.5
EUR	1. industrial confidence indicator	-35	6	-14	-19	-26	-26	-21	-14	-19	-17	-14	-12	-10	-7
	2. construction confidence indicator	-50	3	-18	-28	-40	-42	-39	-37	-38	-38	-39	-35	-28	-29
	3. consumer confidence indicator	-22	3	-14	-18	-25	-25	-25	-23	-25	-24	-23	-22	-21	-19
	4. share-price index ^(a)	:	:	174.9	177.1	199.7	203.3	216.9	231.4	224.7	234.0	233.6	226.6	226.0	224.8
	= 5. economic sentiment indicator	96.1	104.4	100.1	98.5	96.4	96.3	97.1	98.3	97.4	98.0	98.3	98.7	99.4	99.9

* Used data-sign in the tables : (s.a.) = seasonally adjusted, : = not available.
The figures for the Federal Republic of Germany refer to Western Germany, if not mentioned otherwise.
Source, unless stated otherwise : European Commission business surveys.

(a) Not seasonally adjusted.

TABLE 2 : **Monthly survey of manufacturing industry** — Monthly questions and the composite industrial confidence indicator ^(a)
Balances : i.e. differences between the percentages of respondents giving positive and negative replies (s.a.)

		Ranges		1991	1992	1993	1993		1994	1993	1994				
		Trough 81/83	Peak 88/90				III	IV	I	Dec.	Jan.	Feb.	Mar.	Apr.	May
INDUSTRIAL CONFIDENCE INDICATOR	B	-33	2	-15	-20	-29	-29	-24	-12	-21	-15	-9	-12	-10	-9
	DK	-22	5	-8	-7	-13	-10	-3	6	:	6	:	:	10	:
	D	-38	11	0	-18	-34	-35	-31	-24	-29	-28	-25	-20	-19	-16
	GR	:	5	-7	-4	-6	-4	-8	-3	-9	-5	-1	-2	0	1
	E	:	0	-22	-25	-35	-35	-28	-21	-26	-23	-20	-14	-12	-10
	F	-38	12	-20	-21	-35	-39	-31	-20	-29	-24	-21	-16	-7	0
	IRL	-36	14	-9	-4	-13	-15	-9	1	-7	2	1	0	1	-1
	I	-38	13	-13	-15	-18	-18	-12	-6	-8	-8	-7	-3	-4	-1
	L	-67	11	-24	-28	-25	-25	-24	-19	-21	-20	-18	-18	-15	-9
	NL	-27	3	-5	-6	-10	-11	-8	-6	-9	-6	-6	-6	-3	-3
	P	:	5	-7	-12	-25	-27	-21	-13	-19	-17	-12	-9	-9	-6
	UK	-57	21	-32	-24	-11	-9	-7	-1	-6	-3	1	-2	-8	-2
PRODUCTION EXPECTATIONS	EUR	-35	6	-14	-19	-26	-26	-21	-14	-19	-17	-14	-12	-10	-7
	B	-37	12	-12	-16	-28	-31	-21	-5	-17	-9	2	-7	-6	-2
	DK	-12	15	8	7	4	12	9	17	:	17	:	:	21	:
	D	-27	14	3	-10	-20	-18	-11	-2	-7	-6	-1	2	5	7
	GR	:	29	18	25	20	22	17	21	18	20	21	21	23	24
	E	:	16	-1	-4	-10	-9	-3	1	-1	-3	5	3	1	6
	F	-20	23	-4	-4	-20	-24	-14	1	-13	-5	0	7	11	15
	IRL	-37	27	4	1	-3	-4	1	14	3	16	15	10	14	15
	I	-22	28	8	1	-1	1	6	9	11	7	9	11	12	14
	L	-66	19	-27	-28	-16	-6	-14	-9	-7	-11	-8	-7	-7	-3
	NL	-13	12	5	4	1	0	4	8	2	12	6	5	8	8
	P	:	18	9	3	-8	-9	-5	-1	-5	-4	0	1	5	8
ORDER-BOOKS	UK	-44	34	-14	-1	11	11	13	22	14	19	26	22	12	16
	EUR	-24	28	0	-4	-9	-9	-3	6	0	2	7	8	8	11
	B	-49	-1	-26	-33	-45	-44	-41	-31	-38	-35	-31	-28	-26	-24
	DK	-32	11	-14	-17	-31	-36	-12	-6	:	-6	:	:	11	:
	D	-54	12	-4	-29	-57	-58	-57	-51	-56	-56	-53	-45	-45	-40
	GR	:	-7	-23	-21	-26	-24	-25	-19	-30	-20	-18	-19	-18	-15
	E	:	-3	-39	-43	-58	-58	-52	-42	-51	-40	-43	-31	-22	-24
	F	-56	16	-35	-39	-57	-62	-57	-42	-54	-49	-45	-31	-23	-13
	IRL	-57	16	-22	-8	-20	-23	-10	-2	-11	1	-3	-3	-10	-6
	I	-64	12	-28	-30	-38	-40	-29	-21	-25	-21	-25	-16	-17	-11
	L	-70	16	-38	-44	-44	-46	-44	-40	-44	-34	-44	-41	-36	-26
	NL	-42	1	-11	-15	-23	-22	-22	-18	-22	-22	-17	-14	-11	-12
EXPORT ORDER-BOOKS	P	:	0	-21	-30	-48	-51	-45	-30	-40	-36	-31	-23	-23	-24
	UK	-57	26	-56	-49	-26	-21	-20	-15	-18	-17	-11	-16	-17	-8
	EUR	-56	5	-28	-35	-46	-47	-42	-34	-40	-37	-35	-28	-26	-20
	B	-55	-3	-30	-36	-49	-49	-44	-34	-42	-39	-30	-32	-28	-22
	DK	10	17	-4	-9	-24	-25	-8	2	:	2	:	:	9	:
	D	-48	1	-32	-39	-63	-66	-63	-59	-61	-62	-59	-56	-51	-49
	GR	:	-16	-24	-26	-24	-21	-15	-4	-13	-3	2	-10	-4	0
	E	:	-17	-33	-38	-48	-47	-42	-33	-44	-34	-33	-24	-18	-21
	F	-52	24	-34	-32	-54	-59	-51	-37	-47	-42	-39	-31	-15	-17
	IRL	:	29	-20	2	-18	-24	-18	-15	-23	-8	-18	-18	-19	-9
	I	-57	0	-33	-35	-26	-25	-11	-2	-5	0	-4	-1	5	7
	L	-80	52	-47	-51	-42	-51	-51	-43	-42	-43	-46	-41	-34	-26
STOCKS OF FINISHED PRODUCTS	P	:	1	-24	-29	-50	-53	-38	-15	-33	-14	-19	-11	-4	1
	UK	-65	12	-35	-35	-19	-16	-16	-10	-11	-8	-14	-8	-8	-9
	EUR	-50	0	-32	-35	-46	-48	-42	-35	-40	-36	-36	-32	-25	-24
	B	19	-1	7	12	13	13	9	0	7	1	-2	1	-2	0
	DK	23	-1	18	11	10	5	5	-6	:	-6	:	:	1	:
	D	27	-9	0	15	27	27	25	20	23	22	20	18	18	14
	GR	:	1	14	15	12	10	14	10	14	16	7	8	6	5
	E	:	8	26	27	37	37	28	21	25	26	21	15	14	12
	F	42	-3	21	19	27	30	23	21	21	19	19	24	9	9
	IRL	29	-6	8	5	15	20	18	9	13	10	10	7	2	13
	I	28	-4	19	17	13	14	13	7	11	11	6	5	6	7
	L	58	-10	7	11	15	22	14	8	12	16	2	5	2	-3
SELLING-PRICE EXPECTATIONS	NL	39	0	8	7	9	10	8	8	8	7	8	8	6	6
	P	:	0	10	9	18	20	13	8	11	12	6	5	8	5
	UK	41	4	26	20	18	17	16	13	15	12	13	13	18	15
	EUR	31	2	15	17	22	23	20	15	18	16	15	14	12	11
	B	12	24	2	-3	-6	-2	-2	-1	-3	-5	2	0	3	4
	D	2	26	14	10	-2	-1	-4	-4	-7	-7	-4	-2	0	4
	GR	:	41	28	28	22	22	24	22	29	23	20	22	30	28
	E	:	21	0	-5	-10	-7	-6	2	-4	-5	3	4	7	6
	F	17	34	11	8	-3	-4	-5	-4	-5	-2	-3	7	2	9
	IRL	1	23	-1	-4	-4	1	0	-9	-6	-10	-11	-6	-5	-2
	I	6	32	16	13	11	10	9	12	11	11	13	13	15	17
	L	-38	62	-32	-14	1	10	14	-1	8	2	2	-7	-10	0
	P	:	28	17	10	3	3	2	14	4	9	17	15	13	17
	UK	9	34	5	-1	5	4	1	2	-3	2	2	3	-4	5
	EUR	22	28	11	7	1	1	0	1	-1	0	2	5	4	8

(a) The indicator is an average of the responses (balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).

TABLE 3 : Survey of the construction industry

Balances : i.e. differences between the percentages of respondents giving positive and negative replies (s.a.)

		Ranges		1991	1992	1993	1993		1994	1993	1994				
		Trough	Peak				III	IV	I	Dec.	Jan.	Feb.	Mar.	Apr.	May
		81/83	88/90												
CONSTRUCTION CONFIDENCE INDICATOR ^(a)	B	-63	7	-7	-13	-21	-20	-21	-17	-17	-18	-16	-18	-14	-13
	DK	-37	12	-32	-22	-26	-30	-23	-18	:	-11	:	:	1	:
	D	-63	3	-5	-15	-28	-31	-30	-30	-30	-31	-30	-31	-28	-26
	GR	-73	-12	-32	-13	-23	-27	-31	-40	:	-40	:	:	-18	:
	E	:	31	-8	-37	-44	-45	-42	-35	-25	-35	-46	-34	-30	-24
	F	-59	2	-16	-43	-57	-56	-58	-58	:	-46	:	:	-40	:
	IRL	-60	30	-22	-11	-27	-23	-25	-22	-32	-22	-23	-21	-19	-24
	I	-51	21	-7	-16	-48	-57	-53	-58	-51	-59	-65	-50	-24	-36
	L	-75	24	-4	-23	-54	-57	-61	-56	-54	-61	-69	-74	-69	-57
	NL	-45	9	-6	-15	-17	-19	-18	-16	-17	-17	-17	-14	-15	-12
	P	:	12	-22	-32	-47	-50	-44	-46	-45	-52	-43	-45	-53	-55
	UK	-57	42	-64	-50	-36	-33	-30	-21	-29	-24	-20	-19	-21	-25
	EUR	-50	3	-18	-28	-40	-39	-42	-39	-38	-38	-39	-35	-28	-29
TREND OF ACTIVITY COMPARED WITH PRECEDING MONTH	B	-31	36	-8	-5	-10	-10	-22	-7	-27	-9	-8	-5	-16	-17
	D	-54	19	-11	-16	-24	-23	-30	-21	-41	-23	-20	-21	-23	-12
	GR	-39	30	-7	7	-8	1	-15	-11	:	-11	:	:	6	:
	E	:	45	9	-25	-13	-4	-5	-19	-4	-3	-28	-37	-9	23
	F	-47	32	-12	-38	-58	-57	-63	-49	:	-38	:	:	-31	:
	IRL	-49	24	-19	-10	-14	-16	-7	-13	1	-12	-23	-4	-4	-35
	I	-27	32	-9	-5	-25	-20	-26	-35	-25	-40	-41	-24	-15	-6
	L	-60	39	-15	-16	-48	-58	-47	-54	-57	-28	-26	-28	-47	-28
	NL	-39	35	-4	-8	-13	-12	-19	-11	-31	-17	5	-20	-14	1
	P	:	25	-2	-15	-19	-22	-24	-22	-30	-32	-14	-19	-22	-31
	UK	-49	50	-44	-16	-6	-6	-4	-4	-3	-6	-2	-3	14	9
	EUR	-28	20	-13	-18	-26	-24	-25	-27	-29	-24	-24	-23	-15	-8
ORDER-BOOKS	B	-76	-6	-17	-26	-29	-26	-33	-27	-31	-30	-23	-27	-22	-27
	DK	-36	13	-43	-32	-34	-41	-34	-22	:	-19	:	:	-3	:
	D	-75	-7	-15	-26	-38	-41	-40	-36	-38	-36	-35	-37	-34	-33
	GR	-78	-39	-54	-45	-56	-59	-69	-58	:	-58	:	:	-47	:
	E	:	45	-11	-37	-42	-40	-44	-39	-27	-38	-49	-42	-36	-29
	F	-73	4	-27	-55	-69	-65	-73	-68	:	-60	:	:	-52	:
	IRL	-58	30	-18	-12	-39	-34	-40	-46	-47	-46	-43	-49	-40	-51
	I	-62	17	-4	-17	-58	-68	-63	-67	-64	-64	-84	-54	-41	-45
	L	-79	12	-8	-22	-58	-58	-70	-65	-65	-62	-60	-70	-61	-58
	NL	-61	2	-11	-22	-25	-28	-27	-24	-26	-26	-24	-22	-23	-19
	P	:	-6	-46	-49	-66	-69	-66	-73	-68	-77	-71	-71	-72	-79
	UK	-74	35	-78	-71	-61	-58	-54	-46	-52	-50	-43	-44	-45	-45
	EUR	-66	-2	-26	-38	-52	-51	-55	-52	-50	-48	-52	-46	-40	-40
EMPLOYMENT EXPECTATIONS	B	-53	19	4	-1	-12	-13	-9	-7	-3	-5	-8	-9	-5	1
	DK	-35	11	-21	-13	-18	-19	-12	-13	:	-2	:	:	5	:
	D	-53	19	6	-4	-18	-20	-20	-25	-21	-25	-24	-25	-22	-18
	GR	-77	20	-10	20	10	6	8	-22	:	-22	:	:	12	:
	E	:	30	-6	-36	-45	-49	-40	-32	-22	-31	-43	-25	-24	-19
	F	-47	8	-5	-31	-46	-46	-42	-47	:	-32	:	:	-28	:
	IRL	-61	37	-26	-11	-14	-11	-9	2	-16	2	-3	8	2	3
	I	-39	25	-11	-15	-39	-46	-43	-49	-38	-54	-46	-46	-7	-27
	L	-75	36	0	-25	-50	-55	-51	-46	-42	-59	-77	-77	-76	-56
	NL	-31	16	-2	-8	-9	-10	-9	-8	-7	-8	-10	-6	-6	-5
	P	:	28	2	-15	-27	-31	-22	-20	-22	-26	-14	-19	-33	-30
	UK	-50	51	-50	-28	-10	-8	-6	4	-5	2	3	7	4	-4
	EUR	-36	12	-10	-18	-28	-27	-28	-27	-25	-27	-26	-24	-15	-18
PRICE EXPECTATIONS	B	-18	28	11	2	-8	-7	-9	-5	-7	-7	-5	-4	-3	-2
	D	-49	45	12	-6	-21	-23	-17	-22	-19	-21	-22	-22	-20	-13
	GR	9	26	-4	8	-18	-11	-9	-22	:	-22	:	:	-16	:
	E	:	70	19	12	0	2	9	-11	-7	-14	9	-7	-2	-3
	IRL	:	38	-30	-12	-11	-11	1	7	4	9	10	3	4	1
	I	2	63	25	25	-1	-2	4	-7	1	-12	1	-9	10	19
	L	-49	23	1	-31	-58	-59	-61	-60	-61	-59	-49	-60	-59	-53
	NL	:	64	34	28	8	8	6	9	7	10	10	6	5	9
	P	:	70	30	14	-12	-5	-8	-9	4	-13	-10	-4	8	-2
	UK	-21	70	-32	-8	6	4	12	23	13	17	26	25	24	23
	EUR	:	39	9	7	-6	-5	-6	-4	-4	-8	-1	-6	0	4

(a) The indicator is an average of the responses (balances) to the questions on order-books and employment expectations.

TABLE 4 : Results of monthly business surveys for the Federal Republic of Germany : West and East

Balances : i.e. differences between the percentages of respondents giving positive and negative replies (seasonally adjusted)

Survey of the manufacturing industry																
		1993										1994				
		April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
CONFIDENCE INDICATOR ^(a)	West	-37	-38	-36	-35	-36	-33	-32	-31	-29	-28	-25	-20	-19	-16	
	East	-25	-26	-26	-25	-27	-19	-17	-19	-21	-21	-23	-20	-23	-19	
PRODUCTION EXPECTATIONS	West	-27	-25	-22	-20	-21	-13	-16	-9	-7	-6	-1	2	5	7	
	East	15	5	7	9	1	10	19	12	12	13	9	18	12	17	
ORDER-BOOKS	West	-58	-59	-58	-58	-59	-58	-56	-59	-56	-56	-53	-45	-45	-40	
	East	-66	-61	-64	-61	-62	-54	-53	-51	-54	-55	-55	-55	-56	-52	
EXPORT ORDER-BOOKS	West	-62	-64	-62	-64	-67	-68	-64	-63	-61	-62	-59	-56	-51	-49	
	East	-54	-52	-54	-50	-55	-50	-47	-49	-53	-54	-53	-49	-53	-47	
STOCKS OF FINISHED PRODUCTS	West	27	30	29	26	29	27	25	26	23	22	20	18	18	14	
	East	23	22	23	24	20	15	19	18	20	21	23	23	24	21	
SELLING-PRICE EXPECTATIONS	West	0	-4	-3	-1	1	-3	0	-4	-7	-7	-4	-2	0	4	
	East	2	1	3	2	2	4	2	2	3	4	2	1	2	3	
Survey of the construction industry																
		1993										1994				
		April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
CONFIDENCE INDICATOR ^(b)	West	-27	-27	-29	-29	-31	-33	-30	-32	-30	-31	-30	-31	-28	-26	
	East	-16	-13	-14	-15	-19	-19	-21	-18	-21	-19	-13	-17	-12	-8	
ORDER-BOOKS	West	-37	-37	-40	-40	-41	-43	-42	-41	-38	-36	-35	-37	-34	-33	
	East	-30	-25	-25	-27	-26	-29	-27	-21	-25	-23	-18	-20	-18	-15	
EMPLOYMENT EXPECTATIONS	West	-17	-16	-18	-18	-20	-22	-18	-22	-21	-25	-24	-25	-22	-18	
	East	-2	-1	-3	-3	-12	-10	-16	-15	-17	-15	-8	-13	-5	0	
PRICE EXPECTATIONS	West	-21	-23	-21	-23	-23	-22	-18	-15	-19	-21	-22	-22	-20	-13	
	East	18	20	16	17	13	14	9	6	3	1	-2	3	-2	1	
Survey in the retail trade																
		1993										1994				
		April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
PRESENT BUSINESS SITUATION	West	-5	-20	-16	-12	-10	-16	-37	-21	-25	-24	-19	-21	-30	:	
	East	-8	17	9	1	4	2	-13	0	-13	6	-17	-13	-11	:	
VOLUME OF STOCKS	West	23	27	31	26	29	25	32	27	25	31	25	25	33	:	
	East	44	29	29	22	24	36	31	29	35	39	35	38	26	:	
EXPECTED BUSINESS SITUATION	West	-11	-12	-13	-8	-4	-15	-17	-12	-10	-8	-9	-4	-9	:	
	East	2	2	6	-3	4	0	-12	6	-14	-13	-7	-14	-12	:	
EMPLOYMENT EXPECTATIONS	West	:	:	-11	:	:	-10	:	:	-6	:	:	-7	:	:	
	East	-27	-24	-23	-22	-31	-27	-29	-22	-31	-34	-37	-30	-15	:	
Consumer survey																
		1993										1994				
		April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
CONFIDENCE INDICATOR ^(c)	West	-26	-26	-28	-30	-28	-27	-30	-29	-29	-29	-29	-24	-22	-17	
	East	-14	-12	-14	-14	-17	-16	-18	-19	-17	-20	-13	-10	-10	-8	
FINANCIAL SITUATION OF HOUSEHOLDS																
— over the last 12 months	West	-17	-18	-18	-18	-18	-18	-20	-18	-20	-21	-23	-19	-18	-16	
	East	3	5	0	3	-3	0	-7	-4	-3	-8	-4	-3	-2	0	
— over the next 12 months	West	-11	-11	-13	-14	-12	-12	-14	-14	-14	-14	-15	-11	-11	-9	
	East	-3	-2	-3	-1	-6	-3	-6	-8	-7	-10	-4	-4	-6	-4	
GENERAL ECONOMIC SITUATION																
— over the last 12 months	West	-50	-50	-54	-57	-55	-55	-59	-57	-60	-60	-59	-50	-46	-36	
	East	-29	-25	-29	-33	-34	-32	-35	-37	-34	-39	-29	-25	-21	-18	
— over the next 12 months	West	-35	-37	-39	-40	-36	-34	-40	-38	-36	-34	-31	-23	-19	-12	
	East	-20	-18	-23	-25	-27	-25	-27	-25	-21	-22	-14	-6	-10	-3	
MAJOR PURCHASES																
— at present	West	-16	-16	-18	-20	-20	-14	-16	-16	-16	-17	-19	-18	-16	-14	
	East	-21	-19	-17	-15	-16	-18	-17	-21	-19	-20	-14	-14	-12	-13	
— over the next 12 months	West	-26	-25	-28	-29	-28	-24	-28	-27	-27	-28	-29	-27	-25	-24	
	East	-33	-32	-32	-32	-35	-35	-32	-33	-33	-38	-33	-32	-29	-32	

(a) The indicator is an arithmetic average of the responses (balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).

(b) The indicator is an arithmetic average of the responses (balances) to the questions on order-books and employment expectations.

(c) The indicator is an arithmetic average of the responses (balances) to the questions on financial situation of households and the general economic situation (past and future) and the present major purchases.

TABLE 5 (continued): Consumer opinion on economic and financial conditions^(a) (s.a.)^(a)

		Ranges		1991	1992	1993	1993	1994	1993	1994						
		Trough 81/83	Peak 88/90				III	IV	I	Dec.	Jan.	Feb.	Mar.	Apr.	May	
UNEMPLOYMENT	B	69	3	27	41	57	59	55	45	50	48	46	42	35	34	
	DK	44	14	27	31	29	26	22	6	19	11	2	5	0	4	
	D	54	1	33	33	52	55	56	46	53	51	47	39	39	31	
	GR	:	15	44	49	41	40	29	34	33	31	35	35	38	40	
	E	:	-4	27	47	59	58	52	48	49	51	46	46	40	38	
	F	59	10	52	54	59	61	59	50	56	51	49	51	47	41	
	— over next 12 months	IRL	65	5	43	50	40	35	37	29	40	30	28	29	28	23
	I	62	26	42	53	66	65	65	56	64	61	56	51	36	30	
	NL	81	-9	24	31	67	71	64	56	64	66	52	51	52	54	
	P	:	-3	9	26	62	67	70	61	67	62	63	58	63	60	
UK	59	-12	47	41	34	27	25	20	23	15	16	28	28	26		
EUR(c)		54	9	39	43	54	55	52	43	49	46	42	42	38	33	
PRICE TRENDS	B	78	21	40	43	44	45	41	38	38	37	40	38	36	40	
	DK	58	-38	-22	-30	-42	-46	-43	-45	-40	-49	-43	-42	-41	-41	
	D	56	-28	38	51	48	47	43	44	41	47	44	41	36	35	
	GR	:	19	51	51	48	48	41	30	34	32	30	28	31	32	
	E	:	18	34	35	23	22	25	25	25	27	25	24	26	24	
	F	79	0	11	6	-4	-2	-10	-5	-11	-3	-4	-8	-11	-12	
	— over last 12 months	IRL	89	21	29	27	14	15	15	12	12	10	15	12	18	14
	I	81	30	49	48	43	45	44	39	43	38	42	37	37	34	
	NL	71	-18	23	28	14	8	13	16	11	16	18	15	17	16	
	P	:	35	51	51	46	44	47	43	46	43	46	41	50	44	
UK	42	9	37	20	15	14	15	16	15	11	17	19	17	16		
EUR(c)		63	11	33	32	25	25	23	23	22	24	24	22	20	19	
— over next 12 months	B	48	13	32	36	38	37	36	32	35	33	32	30	28	27	
	DK	36	-39	-18	-17	-27	-28	-26	-23	-24	-21	-24	-24	-22	-22	
	D	53	-3	53	46	46	46	44	38	43	42	37	35	34	34	
	GR	:	31	51	51	45	44	38	37	37	34	41	37	40	41	
	E	:	8	22	27	9	9	7	9	6	8	8	10	11	9	
	F	55	-4	26	12	10	14	-3	-1	-3	1	-4	-1	-3	-8	
	IRL	56	14	28	24	16	14	14	10	12	6	10	15	19	16	
	I	62	35	54	53	45	46	39	35	40	39	34	33	28	26	
	NL	54	7	48	36	29	28	26	29	23	26	29	31	27	23	
	P	:	21	33	41	36	32	37	34	35	35	33	33	38	28	
UK	39	25	34	24	35	35	43	38	42	35	38	40	40	36		
EUR(c)		44	22	39	34	30	31	27	25	27	27	24	24	23	20	
SAVINGS	B	33	65	60	61	54	51	50	48	50	47	46	50	49	49	
	DK	20	78	62	73	72	70	67	55	64	55	58	53	58	54	
	D	18	52	42	35	33	32	32	34	34	34	33	34	36	34	
	GR	:	-19	-42	-43	-39	-38	-41	-44	-48	-36	-46	-49	-53	-52	
	E	:	53	40	42	47	39	45	45	46	43	48	45	46	37	
	F	-7	48	43	48	51	51	54	53	56	56	52	52	54	51	
	— at present	IRL	-13	23	10	9	12	14	13	8	5	8	6	9	5	9
	I	-19	50	48	45	42	41	45	44	46	41	47	45	42	45	
	NL	22	60	52	56	59	57	58	53	59	52	49	58	58	58	
	P	:	-15	-19	-23	-38	-38	-44	-42	-44	-49	-41	-36	-40	-43	
UK	2	25	26	15	-1	-3	-1	-4	-3	-5	-5	-1	-7	-7		
EUR(c)		1	41	39	36	34	32	34	33	35	33	33	34	33	32	
— over next 12 months	B	-26	14	10	11	4	3	1	4	-2	5	2	4	5	4	
	DK	-24	21	10	15	14	15	16	16	16	15	17	16	18	16	
	D	-6	22	13	5	2	1	1	1	1	1	-1	3	3	5	
	GR	:	-32	-49	-53	-52	-52	-48	-45	-46	-47	-44	-45	-49	-52	
	E	:	-16	-24	-25	-28	-28	-30	-25	-32	-27	-22	-25	-26	-26	
	F	-35	-23	-27	-27	-29	-32	-31	-28	-30	-27	-30	-28	-26	-21	
	IRL	-26	-12	-25	-26	-25	-25	-19	-22	-20	-24	-20	-22	-26	-17	
	I	-32	0	-1	-6	-21	-21	-21	-24	-20	-27	-23	-21	-20	-21	
	NL	-6	35	32	35	36	36	36	34	36	35	32	34	32	35	
	P	:	-19	-23	-25	-33	-34	-30	-33	-28	-35	-38	-26	-36	-31	
UK	-30	-3	-16	-17	-20	-20	-21	-21	-22	-22	-19	-23	-23	-25		
EUR(c)		-18	-4	-7	-10	-15	-15	-15	-15	-15	-15	-15	-14	-14	-13	
FINANCIAL SITUATION OF HOUSEHOLDS	B	4	19	16	18	16	15	14	17	13	18	16	16	16	13	
	DK	3	27	12	20	20	24	20	19	20	19	21	18	20	19	
	D	10	22	18	13	12	12	12	11	12	11	10	12	13	13	
	GR	:	6	5	3	3	3	5	5	6	2	6	6	3	4	
	E	:	15	8	10	7	7	7	8	7	7	9	8	8	8	
	F	6	7	5	5	5	3	3	4	3	4	4	3	4	4	
	— indicator of net acquisition of financial assets	IRL	-7	7	-3	-3	-4	-5	-7	-8	-8	-7	-9	-6	-8	
	I	8	20	19	17	10	9	9	7	10	6	7	8	8	8	
	NL	16	27	25	24	23	23	23	25	23	25	23	27	25	24	
	P	:	9	-5	11	7	6	5	5	8	6	3	7	3	3	
UK	6	16	7	6	6	6	5	5	4	7	4	4	6	2		
EUR(c)		9	14	12	11	9	9	8	8	9	8	8	8	9	8	

(a) The sum of the replies for each Member State are weighted in the Community total with the value of consumers' expenditure.

(b) The indicator represents the arithmetic average of results for five questions, namely the two on the financial situation of the household, the two on the general economic situation, and that concerning major purchases at present.

(c) If monthly data are not available, the EUR-averages incorporate the most recent available results.

SAVING INTENTIONS AND INCOME EXPECTATIONS OF CONSUMERS SUGGEST A MODERATE GROWTH OF PRIVATE CONSUMPTION.

Currently, the attractiveness of savings is declining slightly at the level of the EU as a whole (Table 5). This evolution masks divergent evolutions among individual Member Countries. While there appears to be a relative decline in the attractiveness of savings in the United Kingdom and in many of the smaller Member Countries, this is not the case in Germany, France and Italy. Given that the assessment of savings intentions has proved in the past to be a good indicator of the percentage change in gross savings of households (Graphs 5 and 6), the observed small decline in the balance of savings could be suggestive of a further decline in households' savings. However, the pace of the decline may have slowed down due to the appeal of increased long-term interest rates. This uncertainty savings can also be inferred from the balance result for the *indicator of net acquisition of financial assets* (Table 5), which has moved hardly at all for several months. Even for the individual replies to this question, no clear tendency can be observed (Table 6: "Detailed results for question on net acquisition of financial assets").

In recent months consumers have benefitted from some improvement on the income side and this is expected to continue during the coming months (Table 5). This is confirmed by views on the prospect for *being able to save in the future* together with the less negative consumer expectations backed by the better assessment of the *general economic situation* (Table 5).

The evolution of the two indicators, savings at present and income, suggests that private consumption will grow only moderately. The evolution of the *consumer confidence indicator*, which has proved in the past to be a good indicator of the percentage change in real private consumption¹, confirms this expectation. As increasingly positive income expectations combined with less negative saving intentions on the part of households become more evident, private consumption will grow significantly. For the moment, however we are only at the beginning of a recovery, with the evolution of wages, taxes and interest rates being still subject to a degree of uncertainty.

¹ See Graph 2 of the April 1994 issue

GRAPH 5 : Assessment and outcome of households' savings

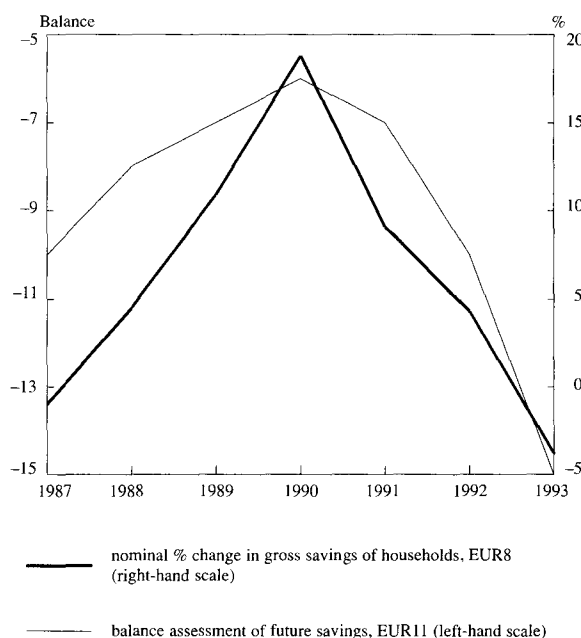
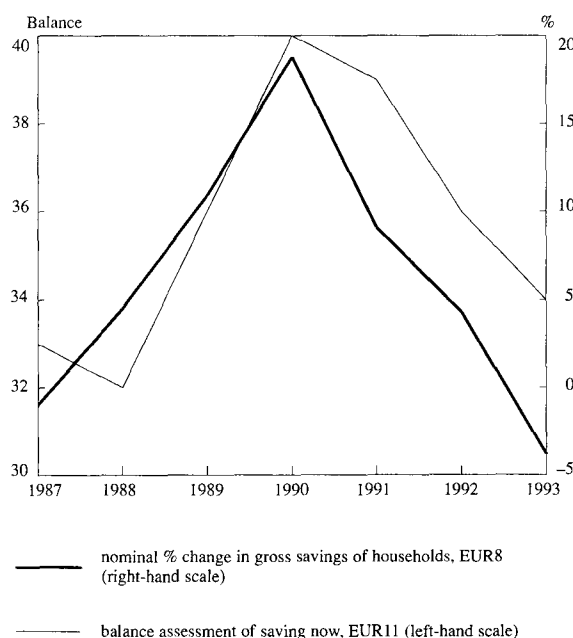
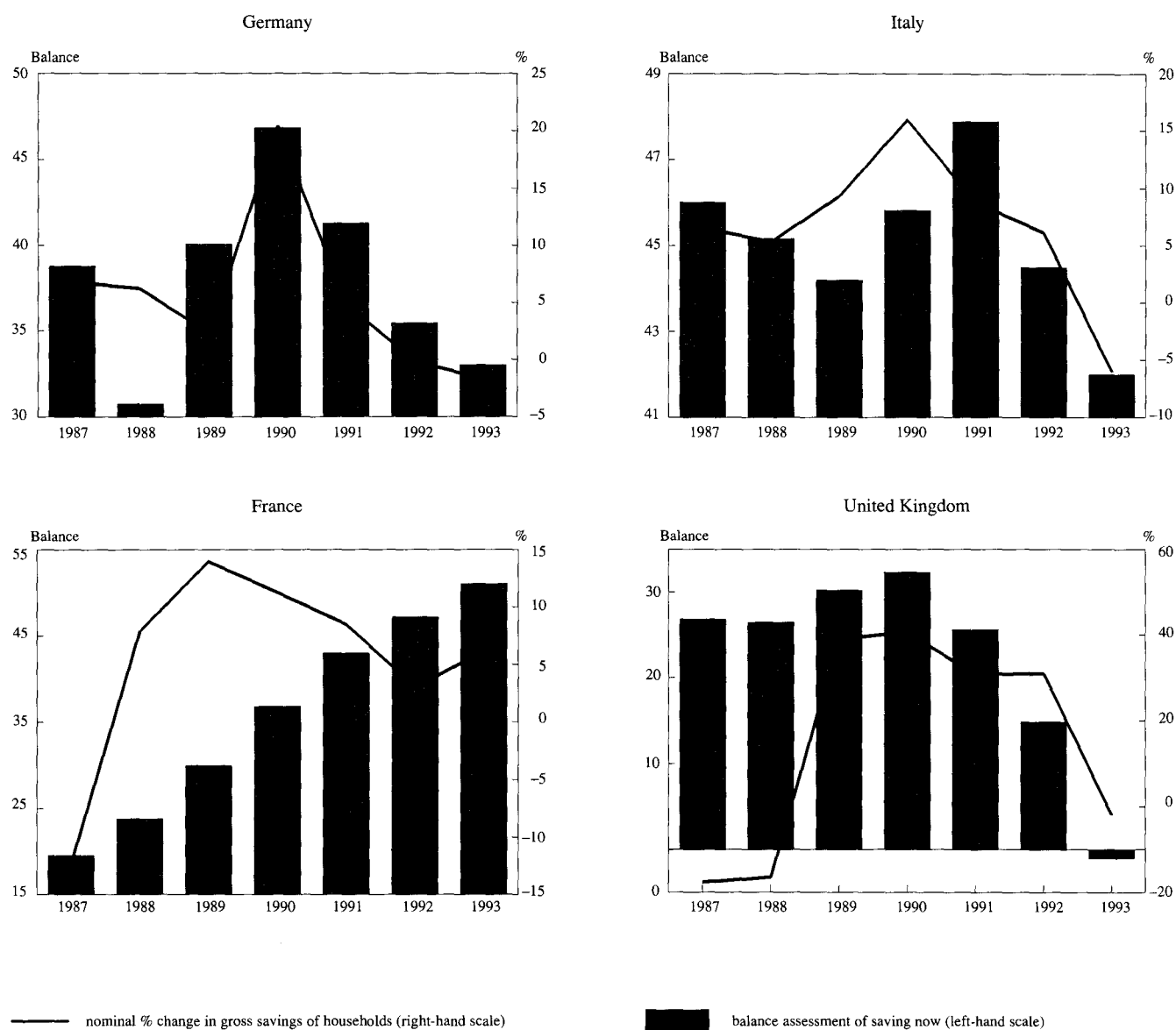


TABLE 6 : Detailed results for question on net acquisition of financial assets

		Max. 88/90	1991	1992	1993	1993		1994	1993	1994				
						III	IV	I	Dec.	Jan.	Feb.	Mar.	Apr.	May
RUNNING INTO DEBT	B	3	2	2	2	2	2	2	2	2	3	3	1	3
	DK	6	3	4	4	3	4	4	4	3	4	4	4	4
	D	4	4	5	5	5	4	5	4	5	6	5	4	5
	GR	6	3	3	4	3	4	3	4	3	3	3	4	3
	E	5	4	3	3	3	4	3	4	4	3	3	4	3
	F	6	4	4	4	4	4	4	4	4	5	4	4	4
	IRL	6	5	4	4	3	3	3	3	4	4	2	3	3
	I	5	3	4	4	4	5	5	5	5	4	4	5	5
	NL	3	2	2	2	2	2	2	2	1	3	1	2	2
	P	4	2	2	3	3	3	2	3	2	3	2	3	4
	UK	7	6	6	6	5	6	5	6	4	6	6	6	6
EUR		5	4	4	4	4	4	4	4	4	5	4	4	5
DRAWN ON SAVINGS	B	9	8	7	7	7	8	6	6	6	7	6	7	8
	D	11	6	6	5	5	5	5	4	5	4	6	6	6
	DK	10	6	7	8	8	8	8	8	9	8	8	7	7
	GR	10	6	7	6	6	6	7	6	7	7	8	7	6
	E	10	8	8	8	7	8	8	7	8	8	9	7	9
	F	14	13	13	13	14	15	13	16	13	13	14	13	13
	IRL	7	5	5	5	5	5	3	4	3	3	3	4	4
	I	8	6	6	9	9	10	10	10	10	10	9	9	9
	NL	6	4	4	4	3	4	4	5	3	3	5	4	3
	P	11	8	8	9	8	8	10	9	7	12	10	13	13
	UK	13	11	11	12	12	12	12	13	12	12	11	11	14
EUR		11	8	9	9	9	10	10	10	10	10	10	9	10
MAKE ENDS MEET	B	54	46	46	51	52	52	49	56	48	49	49	49	48
	DK	58	51	46	48	48	47	47	45	49	46	47	43	43
	D	48	45	48	49	50	49	49	49	49	49	49	48	49
	GR	76	69	70	69	69	69	67	69	68	68	65	68	72
	E	69	58	58	61	61	62	60	63	60	58	60	60	61
	F	59	53	53	54	54	54	54	53	55	53	53	53	53
	IRL	73	70	71	70	69	70	72	70	72	70	72	70	68
	I	52	46	47	52	52	52	55	51	54	55	56	54	53
	NL	56	50	50	51	51	50	49	51	49	49	48	48	52
	P	75	58	60	61	61	60	62	55	65	63	59	61	63
	UK	52	50	51	51	51	51	53	51	52	53	54	50	51
EUR		55	50	51	53	53	53	53	52	53	53	54	52	53
SAVE A LITTLE	B	43	39	41	37	36	35	38	32	40	37	37	39	38
	DK	38	35	34	35	35	36	36	39	37	36	34	39	39
	D	46	40	37	35	34	35	34	36	33	34	35	37	36
	GR	24	21	19	20	22	21	22	22	22	22	23	19	19
	E	31	27	29	26	28	25	27	25	26	29	26	27	26
	F	29	28	29	27	27	25	27	25	26	28	27	28	29
	IRL	24	20	20	21	22	23	22	22	21	22	22	24	25
	I	39	39	38	32	32	30	28	31	27	27	28	28	30
	NL	36	32	32	32	33	31	33	30	34	33	32	33	31
	P	32	31	30	26	26	28	25	32	26	21	28	22	19
	UK	38	30	29	28	29	27	27	27	29	27	27	29	27
EUR		37	34	33	30	30	29	29	30	29	30	29	31	30
SAVE A LOT	B	6	4	4	4	3	3	5	4	5	4	5	4	3
	DK	5	5	10	9	9	9	8	8	7	9	9	8	8
	D	7	5	4	3	4	3	3	3	3	3	4	3	3
	GR	2	0	0	0	0	0	1	0	1	1	1	1	1
	E	3	3	2	1	2	1	2	2	2	2	2	2	2
	F	2	1	1	1	1	1	2	1	2	2	2	2	2
	IRL	1	0	0	0	1	0	1	1	1	0	1	0	1
	I	7	6	5	3	3	3	3	3	3	3	3	4	3
	NL	14	13	12	11	11	12	13	12	13	12	15	13	13
	P	3	1	1	1	1	1	1	2	1	1	0	1	1
	UK	6	4	3	3	4	3	3	3	3	3	2	3	3
EUR		6	4	4	3	3	3	3	3	3	3	3	3	3

Source : European Commission business surveys. The data are not seasonally adjusted. The "don't know" answers are proportionally distributed over all other replies

GRAPH 6 : Assessment and outcome of households' savings




Source : Eurostat.

Source : European Commission business surveys.

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